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AT/3622

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT

Applicant: McClung, G.L. III

§

Serial No: 09/375,451

§

Art Unit: 3622

§

Filed: 08/17/99

§

Examiner: Raquel Alvarez

§

For: Improvements To  
Business System

§

Atty Docket No: GLM III

#41/Reply  
Brief  
t/20-27.03

Reply Brief Cover Letter

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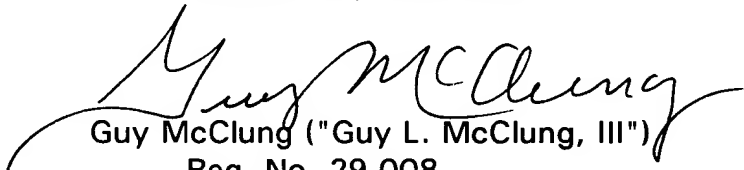
GROUP 3600

Mail Stop Appeal Brief - Patents  
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P.O. Box 1450  
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Dear Sir:

Submitted herewith in triplicate is the Reply Brief (10 pages total) in the above-identified case. If there is any Petition needed to file this Reply Brief, including but not limited to a Petition for An Extension of Time, please consider this as said Petition and charge any fees for filing said Petition to Deposit Account 13-0195.

Respectfully submitted,

  
Guy McClung ("Guy L. McClung, III")  
Reg. No. 29,008

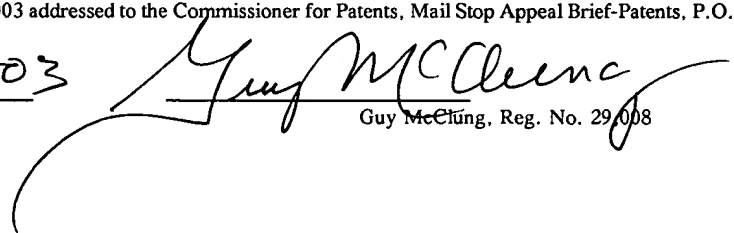
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PMB 347; 16690 Champion Forest Drive  
Spring, TX. 77379--7023; Phone: 281 893 5244

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20 OCT 03

  
Guy McClung, Reg. No. 29,008

IN THE UNITED STATES

PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

REPLY BRIEF

APPLICANT:	Guy L. McClung, III; Reg. No. 29,008
SERIAL NO.:	09/375,451
FILED:	08/17/1999
FOR:	IMPROVEMENTS TO BUSINESS SYSTEM
ART UNIT:	2162

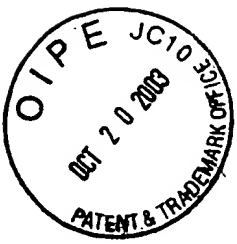
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TABLE OF CASES AND AUTHORITIES

Diamond v. Chakrabarty, 447 U.S. 303,309 (1980)

Stobbs, Gregory A., Business Method Patents, Aspen Law & Business, 2002.



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This is a Reply to the Examiner's Answer mailed September 29, 2003 (henceforth herein "Answer").

The first Appeal in this case established that the present invention is a new invention and is novel in accordance with the conditions of § 102. In this second Appeal Applicant asserts that the claimed subject matter meets the requirements of § 101 and is nonobvious in accord with § 103. Part of the novelty and nonobviousness of the present invention is that no post-sale action is required by a consumer who receives the benefit of the claimed best price guarantee and whose account is credited with a refund amount; and the consumer need not monitor the mail or process a printed check to receive the benefit of a refund based on a post-sale price differential.

#### REAL PARTY IN INTEREST

The Real Party in Interest is the Appellant/Applicant, Guy L. McClung, III; Reg. No. 29,008.

#### RELATED APPEALS AND INTERFERENCES

There are no related appeals or interferences pending.

#### GROUPING OF CLAIMS

Appellant does not believe that all the claims stand or fall together as evidenced by different arguments related to different claims.

#### § 101 REJECTION

In rejecting the claims under § 101, the Answer deals with Claims 55, 64 and 71. Regarding Claim 55, the Answer states that ". . .the claim recites no structural limitations (i.e., computer implementation) . . ." (Answer, Page 6). Appellant disagrees. Claim 55 recites the following "structural limitations:"

wherein the item is purchased via a host system and the host system records the first price and information identifying the customer; the host system conducts the

monitoring, noting, and calculating steps; and the host system provides the refund to the consumer; and

wherein the host system provides the refund by crediting an account of the consumer.

The text of the present Application makes it clear that the methods disclosed can be effected in a variety of ways; including manually, on a computer, and via a host system. Claim 55 is limited to a method in which a host system records, monitors, notes, and calculates, and provides a refund. Claims 65 - 67 require a host system. The business system of Claim 71 includes a host system, a magnetic strip card, and card reader. The Application provides a description and definition of "host system" (e.g., see Page 19 of the Appeal Brief) which make it clear that this is "structure" and things in the "technological arts" which satisfy § 101.

The Answer at page 11 states that "The host system claimed do not necessarily limit the claims to a computerized system. A host system broadly claimed can be any main system not necessarily a computerized system." Even accepting this reasoning, a "main system" as referred to in the Answer would satisfy the "structure" requirements of § 101. It is not only a "computerized system" that can satisfy § 101.

Regarding the rejection of Claim 64 under § 101 and its "means for" language, Appellant asserts that even if this method is conducted "by hand" "manually with paper records" that this is a sufficient "structural limitation" or "technological arts" application to satisfy § 101. As one commentator has explained:

Perhaps we should begin by defining terms. "Technology" is an ancient word, coming from the Greek word "techne," meaning skill one needs to practice an art and "art" means made by the hand. If we adopt a definition of technology that remains true to its ancient origins, then anything made by hand (including pencils and note paper) can

constitute technology. There has been considerable judicial debate over just how far Congress intended the patent grant to extend.

. . . . .

Although it took years to reach this conclusion, today it is well accepted that "anything under the sun that is made by man" will constitute statutory subject matter. [citing *Diamond v. Chakrabarty*, 447 U.S. 303,309 (1980).] Thus, clearly a pencil, or a note pad, is statutory subject matter. The reason a pencil or a note pad is not patentable today is because both were invented long ago and can hardly be deemed novel today. One should not, however, confuse novelty with statutory subject matter. Novelty is the subject of 35 U.S.C. §102 (and its companion requirement, non-obviousness, is the subject of 35 U.S.C. §103). Statutory subject matter is the subject of the 35 U.S.C. §101. [Gregory A. Stobbs, Business Method Patents, page 55, Aspen Law & Business, 2002.]

#### § 103 REJECTION

The rejection of Claims 55 - 71 as unpatentable under 35 U.S.C. §103(a) over Bloomberg et al (U.S. 5,642,279; henceforth herein "Bloomberg") in view of Walker et al (U.S. 6,249,772; henceforth herein "Walker") is maintained in the Answer.

The Answer admits that the Bloomberg reference "does not specifically teach crediting an account of the consumer." (Answer, Page 8). To supply an element claimed in the present application - providing a post-sale refund by crediting a consumer's account -

the Answer relies on the Walker reference: "Walker teaches system providing the refund by crediting an account of the consumer (col. 22, lines 17-33)." What Appellant is claiming is a method and system that involve a refund which is a payment in time after a sale has been consummated and which is based on post-sale events. Walker has nothing to do with such "refunds." The "rebate" in Walker is based solely on pre-sale and time-of-sale events and conditions. The "refund" as claimed in the present application has stated explicit temporal implications not addressed in the Answer.

The Answer is wrong to characterize what Walker deals with as "providing the refund." The claimed refund or refunding is specified as related to a "predetermined time period after purchase." The Answer uses the assumed teaching of providing a refund in Walker as the linchpin of the obviousness rejection:

Walker on Col. 22, lines 17 - 33 clearly teaches that a refund can be credited to a customer's credit card account and therefore it would have been obvious to a person of ordinary skill in the art at the time of Applicant's invention to include in the system of Bloomberg of crediting an account of the consumer as taught by Walker . . . (emphasis added)

The stated logical connection fails because Walker does not teach, and has no teaching or suggestion regarding, refunds based on post-sale activity.

Walker cannot be used to remedy the deficiency of the Bloomberg reference regarding the provision of a refund by crediting an account. For purposes of a rejection under § 103 Walker must be considered in its entirety. The fact that Walker's rebate is based on pre-sale and time-of-sale activity cannot be ignored. For purposes of rejection under § 103 Bloomberg must be considered in its entirety. The fact that Bloomberg has no teaching or suggestion about any account cannot be ignored.



On the present record the only source for the teaching of providing a refund by crediting an account with an amount based on future post-sale pricing is the present invention.

The Answer takes the position that a motivation for combining the teachings of Bloomberg and Walker is " . . .because such a modification would allow the system of Bloomberg to immediately provide the refund rather than having to wait for the refund to be mailed." (Answer, Pages 8 and 12). Appellant notes that this asserted motivation is not in the cited references and Appellant contends that this would not have been obvious to one of ordinary skill in the pertinent art. It is not obvious in the world of business to part with money any sooner than one must - time is money and businesses can earn and do earn interest on a regular, in some cases daily, basis. It is in the business's best interest to keep as much money as long as possible, i.e., it is in a business's best interest to delay a required payment as long as is legally permitted and possible. There is no motivation in the real world of business to provide a refund quicker than is necessary.

There is no concern in Walker or Bloomberg for the speed with which a check or rebate is provided to a consumer. From a business's point of view it is a disadvantage to pay such monies quickly or more quickly than is necessary. This disadvantage shows that the alleged advantage referred to in the Answer cannot serve as the motivation required to combine the teachings of Walker and Bloomberg. Also, as noted in the Appeal Brief, even if the teachings of these references were combined, the result lacks the element of providing a refund by crediting an account based on post-sale price(s).

Walker focuses on the typical business scenario in which a "retailer is typically motivated to sell goods in a manner that realizes the highest profit margins for his business" (U.S. 6,249,772; Col. 1; lines 55-57). It would go against Walker's

teachings for a retailer to provide a refund as claimed according to the present invention. Walker does not want to upset "either the normal pricing structure or profit margin of the retailer" (U.S. 6,249,772; Col. 4; lines 40-41). Such an "upset" is a teaching away from Walker. It is just such an "upset" which is now claimed herein.

There is also a flaw in the allegation in the Answer of the advantage to be obtained by crediting an account; namely, it does not follow from the fact that an account can be credited that such crediting will be done to immediately provide a refund. It is a further step down the road of assumption and a further step away from obviousness to also assume that crediting an account will result in a consumer receiving money more quickly than if the consumer received a check in the mail and went to cash it. There is no teaching in the cited art and no common knowledge in the art that would direct one of ordinary skill to make refunds available as quickly as possible. On the contrary, as already discussed above, there are real incentives not to make refunds available immediately

Appellant believes that the motivation cited in the Answer - to provide a check more quickly - does not exist and would not be a motivation for a person such as one of the Bloomberg reference inventors or for a person of ordinary skill in the art. From the time a check is determined to be proper in Bloomberg's system until the check is processed is a significant time period that includes check preparation; check mailing; check receipt by the consumer; and check cashing by the consumer. Assuming for the sake of argument that speed somehow became a concern [which assumption is denied] vis-a-vis Bloomberg's system, the only obvious changes would be in how to deliver a check more quickly or how to make it more convenient for a consumer to cash a check.

Bloomberg neither mentions nor suggests the possibility of a check being deposited in an account. As noted in the Appeal Brief at Pages 12 and 13, Bloomberg has nothing to do with a consumer account and the concept of a consumer account does not appear in Bloomberg.

#### DEPENDENT CLAIMS AND §103 REJECTIONS

The dependent claims on appeal are deemed allowable as depending from allowable independent claims and as allowable for the reasons stated here and in the Appeal Brief.

#### CONCLUSION

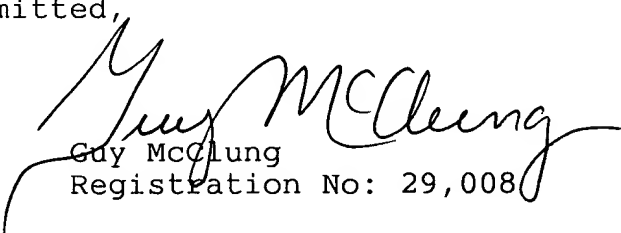
Applicant respectfully submits that the invention as now claimed herein which is novel in accordance with the Patent Laws is also not obvious in view of the cited references, motivations, and other cited materials.

Applicant submits that what is now claimed herein satisfies § 101.

For the reasons discussed in detail above, Applicant respectfully submits that the action rejecting the claims should be reversed and the pending claims should be allowed.

Respectfully submitted,

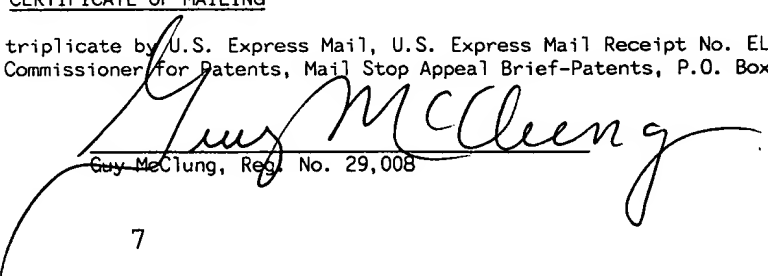
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Guy McClung  
Registration No: 29,008

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Date 20 OCT 03

  
Guy McClung, Reg. No. 29,008